

the fact that people would prefer to be supported through their own productive efforts.

Senator PROXMIRE. Each job—if a person is working, instead of not working and receiving a benefit from the negative income tax—his income tax would be less inflationary. His whole operation would be less inflationary, because he would be producing something. He is increasing a supply. The economic stability standpoint would be far better.

Mr. WATTS. I think that it is advantageous. It seems to me that the negative income tax, which does provide an incentive, is particularly well adapted to removing any conflict there may be between jobs and cash transfers. We should move as fast as possible to provide jobs by any device we can.

There is, however, an urgency about providing this income now—because I think that does affect people's ability to produce. It is going to affect the ability of their children to mature with strength, health, and fully developed human capital so that they can be more productive in the future.

We should not really wait until we have done all we can with jobs, because there is never any limit to that, before starting a comprehensive income guarantee. Until the doctor comes, let us provide minimum income but go ahead with full force to provide as many jobs as we can.

Senator PROXMIRE. You seem to put more emphasis than the other gentleman did on this being only part of the problem. Maybe a relatively modest part of the problem as compared with training, education as compared with other things that would help the poor even more, perhaps.

Mr. WATTS. I think ultimately it should be a small part of the total social programs. But in the meantime, I think it would probably be a fairly large one.

Mr. HILDEBRAND. I sought to make that very point, that poverty was a complex problem that took a lot of approaches, not just one uniform solution that is going to deal with it.

I did not develop the notion of jobs. I categorized it as one way to attack the problem. I find it attractive also and I would like merely to mention that job creation could be undertaken at least in two major ways. One would be for the Government to develop direct methods of incentive payment to employers to hire children of the poor and train them.

There are various ways this can be done. Another is to consider this "last resort" approach—I do not like the term, but it has been demonstrated that there are all kinds of things in the field of pollution, for example, where labor-intensive projects by Government could be developed at relatively low cost, or large mileage-per-dollar in terms of jobs created.

These things are well worthy of study, because right away you take the older children of the poor and the younger out of the problem by this method.

It can also even reach certain categories where the head of the family is dependent upon welfare because he or she cannot work.

Senator PROXMIRE. As a matter of technical fact, Dr. Watts, do you know for the working poor, is it cheaper to bring the total income up